

Bird Catering and Lounges Private Limited

January 05, 2023

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	15.56 (Reduced from 16.33)	CARE BBB-; Stable (Triple B Minus; Outlook: Stable)	Revised from CARE BBB (CE); Stable [Triple B (Credit Enhancement); Outlook: Stable] @
Total Bank Facilities	15.56 (₹ Fifteen Crore and Fifty-Six Lakhs Only)		

Details of instruments/facilities in Annexure-1.

@In line with RBI's circular, guidance note and FAQs dated April 22, 2022 and July 26, 2022, respectively, CARE Ratings has removed the 'CE' suffix wherever the credit enhancement terms were not fully in compliance with the terms as per RBI guidelines.

Unsupported Rating	Withdrawn [Withdrawn]
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Note: Unsupported Rating does not factor in the explicit credit enhancement.

Detailed rationale and key rating drivers

The rating assigned to the bank facilities of Bird Catering and Lounges Private Limited (BCLPL) continues to derive strength from experienced promoters in aviation industry and their demonstrated support to BCLPL in the form of loans & advances and compulsorily convertible preference shares (CCPS) and group's presence at all major airports in India. The rating also takes cognizance of increased footfall at the company's lounges across all airports on month-on-month and year-on-year basis which was further contributed by resumption of international commercial passenger flights in March 2022. The rating continues to remain constrained by the regulatory risks and business risks emanating from the renewability of the contracts and revenue being susceptible to passenger traffic on account of economic cycles. The rating is also constrained on account of continued losses at net level which has fully eroded the networth of the company and has increased the dependency of BCLPL on Globe Ground India Private Limited (GGIPL) to service its debt obligations.

Rating sensitivities

Positive factors – Factors that could lead to positive rating action/upgrade:

- Faster than envisaged improvement in the total operating income along with sustained improvement in profitability margins resulting into significant improvement of overall financial risk profile of the company
- Ability of the company to scale up its operations from other business verticals apart from management of airport lounges

Negative factors – Factors that could lead to negative rating action/downgrade:

- Any further deterioration in the solvency position due to losses or increased reliance on debt
- Significant increase in working capital requirement and resultant weakening of liquidity position of the company

Detailed description of the key rating drivers

Key rating strengths

Experienced Promoters

BCLPL is promoted by the Bird group, with the companies in various verticals viz. travel technology, airline representation, aviation services and ground handling, hospitality, auto etc. Bird Worldwide Flight Services (I) Pvt Ltd, a Bird group company is engaged in providing ground handling services at the Delhi and Cochin International airports. Globe Ground India Private Limited which is a Bird group company and parent company of BCLPL is also engaged in providing ground handling services at Bangalore and Hyderabad Airports. The Bird group has received various awards and accolades from customers and airport operator for its ground handling services over time. Mrs. Radha Bhatia, Chairperson of the group has experience of around 48 years in various industries like travel and tourism, aviation etc. The promoters have shown continued support towards the group companies over the years. The management team consists of highly experienced personnel who have been associated with the airline industry and have worked at various airports for about 20-30 years.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Group presence at major airports in India

Bird group provides services comprising of ground handling, customer management, logistics, ticketing, cargo management, baggage handling, meet and greet facilities with presence at Six major airports in India - Delhi, Cochin, Bangalore, Ahmedabad, Hyderabad, and Mumbai. Bird group has also gained substantial ground handling experience through this entity Globe Ground India Private Limited (GGIPL), providing ground handling services including Bangalore and Hyderabad Airport to provide various handling services to several International & Domestic Airlines. Bird Worldwide Flight Services India Private Limited (BWFSIPL), Bird Worldwide Flight Services Mumbai Private Limited (BWFSMPL), Globe Ground India Private Limited (GGIPL), Bird Catering & Lounges (P) Ltd (BCLPL), Bird Air Services and Bird Travels, are Aviation Services Verticals of Bird Group of Companies.

Diversified presence at various airport lounges

Company has its presence at various airports like Bhubaneshwar, Calicut, Dehradun, Trivandrum and Jaipur International Airport. Additionally, company got into retail business by setting up of food trucks near some of the airports. Company has also received a new contract to run the food truck at Lucknow metro which has commenced its operations in the current fiscal and the same is expected to contribute to the company's revenue going forward. Overall footfall has been increasing on month-on-month and year-on-year basis because of healthy recovery in overall domestic and international passenger traffic.

Key rating weaknesses**Moderation in financial performance**

During FY20, the total operating income of the company moderated by around 61% to Rs 13.15 crore on account of expiry of the concession agreement to operate lounges at Bangalore airport. The said contract expired on May 31, 2019 (FY20) and was not renewed thereafter. Bangalore airport lounges were the major revenue contributor to the company. The moderation in the topline impacted the operating profit and net profit of the company since FY20 onwards with the company incurring loss at both operating and net profit levels. The same was further impacted because of negligible footfall across other lounges due to pandemic impact. There is some growth coming in from setting up of various food trucks near to the airports due to which TOI increased to Rs.3.75 crore in FY22 from Rs.2.03 crore in FY21. Company has reported TOI of Rs.9.12 crore during 7MFY22 as a result of increased passenger footfall due to recovery in overall air traffic. Because of the continuous losses incurred by the company in FY20, FY21 & FY22, the same resulted in erosion of the net worth during these years and consequently impacted the overall gearing. In FY22, the networth further eroded due to loss of Rs.7.06 crore reported in FY22. Company has reported operating loss of Rs.3.30 crore in FY22 as against operating loss of Rs.1.86 crore in FY21. However, the parent company i.e., GGIPL has been continuously infusing the funds to support the operations of the entity.

Risk of non-renewability of the contracts

Company operates various airport lounges across the country and validity period is already fixed at the time of signing the contract. There is always a risk of renewability of the contracts as in past also the performance of the company has been badly impacted due to non-renewability of one of the major contracts.

Liquidity: BCLPL- Stretched

BCLPL liquidity position is stretched marked by expected GCA of Rs.0.26 crore as against the principal repayment obligation of Rs.1.34 crore for FY23. The available GCA is short hence the debt obligations will be met through support from its group company i.e., GGIPL. The company incurred cash losses during FY22, and the same was funded through support from parent company. The company had cash and bank balance of Rs.1.36 crore as on date, including deposits of Rs.1.34 crore under lien. Furthermore, the average WC utilization levels were ~7.00% for 11 months ended November 2022.

Liquidity: GGIPL- Adequate

The liquidity profile of GGIPL is adequate which is characterized by expected gross cash accruals of ~Rs.14.00 crore as against combined repayment obligations (GGIPL & BCLPL) of Rs.7.99 crore for FY23. The average fund based facilities utilization stood at ~74% for the last 12 months ended November 2022. Company had free cash & liquid investment of Rs.12.98 crore as on date. The current ratio of the company stood satisfactory at 1.55x in FY22 (PY: 2.00x). The cash accruals are expected to improve from FY23 onwards on account of healthy recovery in overall air traffic levels.

Analytical approach: Standalone while factoring linkages with the parent i.e., Globe Ground India Private Limited (GGIPL) on account of common management and stated support to subsidiary in the form of unconditional and irrevocable corporate guarantee.

Applicable criteria

[Policy on default recognition](#)
[Factoring Linkages Parent Sub JV Group](#)
[Financial Ratios – Non financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Credit Watch](#)
[Service Sector Companies](#)
[Policy on Withdrawal of Ratings](#)

About the company

Bird Catering and Lounges Private Ltd (BCLPL, formerly known as Bird Air Catering Pvt Ltd) was incorporated on June 27, 2008 to carry-on business of providing in-flight catering, to operate airport restaurants, to manage aircraft lounges and other airline services to leading domestic as well as international airlines including charter flights and helicopters and other air transport services. The name of the company was changed to the present one on September 23, 2013. During FY14, BCLPL was awarded the contract from Bangalore International Airport Ltd (BIAL) for construction, maintenance, and operation of two lounges each at International Departure Terminal and Domestic Departure Terminal at BIAL. However, the contract for Bangalore Airport (both domestic and international) has ended on May 31, 2019 (FY20). Currently, the company operates at Biju Patnaik International Airport (Bhubaneswar), Kozhikode International Airport (Calicut), Jolly Grant Airport Dehradun (Dehradun), and Trivandrum International Airport (Trivandrum). All the lounges were awarded for a period of 5 years. In FY21, Company ventured into retail business by setting up of food trucks near Lucknow Airport and it also got contract for running the food court at Lucknow Metro

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	7MFY23(UA)
Total operating income	2.03	3.75	9.12
PBILDT	-1.86	-3.30	NA
PAT	-4.96	-7.06	NA
Overall gearing (times)	-6.32	-1.96	NA
Interest coverage (times)	-3.55	-2.69	NA

A: Audited, UA: Unaudited, NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	3.20	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	30-04-2024	4.36	CARE BBB-; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	8.00	CARE BBB-; Stable
Un Supported Rating-Un Supported Rating (Long Term)		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	4.36	CARE BBB-; Stable	-	1)CARE BBB (CE); Stable (18-Feb-22)	1)CARE BBB (CE); Negative (31-Mar-21) 2)CARE BBB (CE) (CW with Negative Implications) (05-Jun-20)	1)CARE BBB+ (CE) (CW with Negative Implications) (31-Mar-20)
2	Fund-based - LT-Cash Credit	LT	3.20	CARE BBB-; Stable	-	1)CARE BBB (CE); Stable (18-Feb-22)	1)CARE BBB (CE); Negative (31-Mar-21) 2)CARE BBB (CE) (CW with Negative Implications) (05-Jun-20)	1)CARE BBB+ (CE) (CW with Negative Implications) (31-Mar-20)
3	Non-fund-based - LT-Bank Guarantee	LT	8.00	CARE BBB-; Stable	-	1)CARE BBB (CE); Stable (18-Feb-22)	1)CARE BBB (CE); Negative (31-Mar-21) 2)CARE BBB (CE) (CW with Negative Implications) (05-Jun-20)	1)CARE BBB+ (CE) (CW with Negative Implications) (31-Mar-20)
4	Un Supported Rating-Un Supported Rating (Long Term)	LT	-	-	-	1)CARE BB+ (18-Feb-22)	1)CARE BBB- (31-Mar-21) 2)CARE BBB- (05-Jun-20)	1)CARE BBB- (31-Mar-20)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Un Supported Rating-Un Supported Rating (Long Term)	Simple

Annexure-5: Bank lender details for this companyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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